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C O N F I D E N T I A L SECTION 01 OF 03 LA PAZ 001667

SIPDIS

PASS TO USAID/LAC DAVID JOHNSON, JOANN LAWRENCE

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TAGS: [ASEC](#) [EAID](#) [ECON](#) [PGOV](#) [PREL](#) [PTER](#) [SNAR](#) [BL](#)

SUBJECT: A/S SHANNON MEETING WITH PRESIDENT EVO MORALES

REF: LA PAZ 1498

Classified By: Amb. Philip S. Goldberg for reasons 1.4 (b) and (d).

¶1. (C) Summary: WHA A/S Shannon, accompanied by INL PDAS McGlynn, the Ambassador, DCM, and Emboff, met at 5 a.m. on July 23 with Bolivian President Evo Morales, who was accompanied by Foreign Minister David Choquehuanca, Minister of Government Alfredo Rada, Presidential Spokesman Ivan Canelas, and Bolivian Ambassador to the U.S. Mario Gustavo Guzman. Morales expressed his regret for the June 9 march on the Embassy and its aftermath and acknowledged that Bolivia "needs" the U.S. However, he also cited "proofs" of a USG conspiracy against him and his government. Assuring Morales that there was no USG conspiracy against him, A/S Shannon agreed that the two countries should work together to build a climate of confidence, using bilateral consultations as a mechanism to achieve this end. After the Morales meeting A/S Shannon and delegation held meetings with Bolivian Senate President Oscar Ortiz and President of the Congress Edmundo Novillo. End summary.

EVO FEARS A CONSPIRACY

¶2. (C) President Morales opened the meeting by saying he viewed this as a chance to improve relations with the USG. Evo said he wanted to be "sincere" and to say up front "I do not believe in the capitalist system." He remarked that his government is one of dialogue and then went on to talk about his belief that the United States was conspiring against his government. Morales complained that "since the 90s the Department of State has described me as a narco-trafficker as a narco mafia, and I have been called the Andean Bin Laden" by former Ambassador Rocha. He then cited a litany of events that he argued proved the hostile intent of the United States. Morales also expressed concern about how USAID's resources are spent. Morales said he had been told that USAID offers money to Movement Toward Socialism

(MAS) mayors for them to switch to opposition party Podemos. According to Morales, "Bolivian employees of USAID go door-to-door in northern Potosi telling people if they get rid of Evo the economy is going to get better." Evo said that one mayor told him that USAID offered him \$15,000 to \$25,000 dollars to oppose Evo. Evo closed his opening remarks by saying "currently there is a conspiracy led by the U.S. Embassy against my security, against my government."

A/S SHANNON RESPONDS

13. (C) A/S Shannon said that the United States was committed to the success of Bolivian democracy and the Bolivian people and had no interest that would justify a conspiracy against the Morales government. He noted that he had no interest in receiving Morales, list of supposed conspiratorial behavior, but rather would like to point out how the USG has been trying to work with the Morales administration. Shannon mentioned President Bush's congratulatory phone call after Morales' election and the meeting held with Secretary Rice. The A/S highlighted how the USG has modified its anti-narcotics tactics to work with the GOB, re-certified the GOB, and extended ATPDA benefits. He also noted that the USG had worked with multilateral development banks to forgive \$1 billion in loans owed by Bolivia. Shannon told Morales that "we have no interest in creating conflicts or political chaos in Bolivia. Our Ambassador and officers will meet with various groups, but it is not to conspire against you." Shannon said that Bolivia

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and the United States are in a "critical moment in our relationship" and that he wanted security guarantees for USAID and the Peace Corps so as "to be able to continue with these programs."

STOP THE CONSPIRACY AND GIVE US THE CASH

14. (C) President Morales responded that "if the conspiracy stops then we can begin a new relationship based on our proposed agenda." Evo said that "only 20% to 30% of USAID money reaches the people, why don't you support the 'Bolivia Cambia, Evo Cumple' (Bolivia Changes, Evo Delivers) program instead?" Evo insisted that the Venezuelan-supported program is "sound and transparent" and that USAID should redirect its money there. The president brought up ATPDA and asked for a five year extension and an eventual "just and beneficial" long term trade deal. With regard to Millennium Challenge Account (MCC), Evo asked the A/S "to just tell me the truth" about the political decision to freeze the program. Morales said that Brazil and Hugo Chavez are allies that will help with the road projects but that he hasn't given up hope on MCC.

DRUGS, USAID, AND THE CHAPARE

15. (C) Morales complained that people are trying to link his government to the FARC and that his government is not being noticed for its respect for human rights. Evo told Shannon, "I recognize that in the Yungas there has been an increase in coca production. For political reasons there is not much we can do." Morales also said that he regrets the amount of drugs leaving the country. He criticized USAID's involvement in the Chapare, saying that USAID set up parallel organizations to the coca unions and that it works with local mayors against the coca federation. The president says that he receives letters "from all over the country asking me to remove USAID."

AMERICAN JUSTICE

16. (C) Evo said that people speak well of the American

justice system so therefore he "cannot believe that you would have those two delinquents (Sanchez de Lozada and Sanchez Berzain) there. "People are upset, you should expel them. I tell you this, send back Goni and you will become the mayor of El Alto."

CHOQUEHUANCA SPEAKS

17. (C) Foreign Minister Choquehuanca said "we want to reestablish confidence. We want American cooperation to be strictly economic and to be part of the 'Bolivia Cambia, Evo Cumple' program." Choquehuanca said the GOB was finishing the Sanchez de Lozada (Goni) extradition request and that it should be ready by August. He asked that Bolivia be re-certified and that "our efforts be recognized, especially our respect for human rights." The Foreign Minister mentioned establishing exchange programs because the current USG programs "are not transparent and we are suspicious when scholarship students are asked to spy on us."

LET'S START ANEW

18. (C) A/S Shannon ended the meeting by saying that we

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would study the GOB's proposed agenda and add our own points. He suggested that subsequently dates for bilateral consultations could be established. Evo said that his friend President Lula gave him some good advice, "have lots of patience. If you tell me to separate out the conspiracies than that's what we will do. We will not break relations. We will continue to put up with and bear these things. I regret that my brothers and sisters from El Alto went down to the Embassy (to try and break into the compound on June 9) and I recognize that my country needs you."

SENATE PRESIDENT OSCAR ORTIZ

19. (C) Immediately following the Morales meeting A/S Shannon and delegation met with Senate President Oscar Ortiz (Podemos - Santa Cruz). Ortiz stressed the importance of the senate being "one of the only institutions not in the hands of the MAS." He told Shannon that "democracy is under heavy attack" and that time is passing by quickly. The August 10 revoking referendum "will only ratify the deep divisions in the country and Evo will lose in five departments." The senator expressed concern about "overt" Venezuelan influence and the possibility of voter registration fraud. He chastised the OAS for "coming here last week and making irresponsible declarations regarding voter registration records." Ortiz predicted that "eventually the economic crisis in the country will overtake any political crisis." When asked about dialogue to find a solution to the current political crisis Ortiz responded that the opposition wanted a solution through dialogue and that he had spoken to Vice President Garcia Linera about this. "However," Ortiz said, "it takes two to tango." He hopes the "friends of Bolivia" would be expanded to include the European Union and lamented the increase in drug trafficking and the fact that "the Brazilians and the European Union tolerate it."

PRESIDENT OF THE CONGRESS EDMUNDO NOVILLO

110. (C) A/S Shannon also met with the President of the Congress Edmundo Novillo (MAS - Cochabamba). Novillo said that the August 10 referendum "will not solve the political crisis" and that the people do not understand what it is because "a revoking referendum is something new for the country." He admitted that "this process of change has generated uncertainty." When asked what role the congress could play in resolving the crisis Novillo was pessimistic, saying that "the polarization is strong, too strong, within

the congress." Regarding Bolivia - U.S. relations Novillo said he thought it is a good time to reevaluate all aspects of the relationship with an eye toward common interests. He said the U.S. should realize "there are suspicions within the government and within the population because the relationships with past governments." Novillo said that anti-narcotics cooperation "is a difficult topic" and that it is necessary to have a mutually agreed upon agenda. He recognized that USAID's alternative development programs have had "a certain amount of success" but that the money could and should be better invested.

11. (U) Assistant Secretary Shannon has cleared this cable.
GOLDBERG